are capable of contraction and expansion according to the funds available. The percentage of expenditure on certain departments, *e. g.* Education (20 per cent), Public Works (13 per cent), Administration of Justice ·5 per cent) and Medical (5 per cent) bears relatively a high proportion to the total revenue of the State. In order that each department may have a reasonable proportion of the total revenue for its activities according to its importance and usefulness and in order that there may also be some definite basis of financial control over the expenditure it is desirable to have a convention that the expenditure of each department should not ordinarily exceed a certain prescribed percentage of the total revenue of the State. This would prevent departments from making demands arbitrarily out of proportion to the r necessary and legitimate needs, and to the other total demands on the finances of the State. If variations are needed, the department concerned should get them sanctioned after giving full reasons for the change. The adoption of some such method is essential in order to check haphazard and inharmonious growth of expenditure in the several departments of the State.

FINANCIAL POSITION.

45. The usual statement of assets and liabilities is furnished on pages 9 and 10 of the Budget Estimates. The Government Balance at the end of 1112 is estimated to amount to Rs 102·61 lakhs including the General Reserve Fund of Rs 60·55 lakhs. This includes, however, the sum of Rs 112·18 lakhs representing the estimated expenditure to the end of the year on productive works shown under "Debt Heads" so that the general current balance of Government is expected to be overdrawn at the end of the next year by Rs 9 57 lakhs. It will be seen that the recent loan of Rs 50 lakhs and this overdraft are more than covered by the value of our remunerative assets. Our gilt-edged surplus investments amount to Rs 148 lakhs, and our other liquid assets to about Rs 70 lakhs. Our debt position may be regarded as quite satisfactory.

COMMITMENTS.

46. The total commitments of Government in regard to capita expenditure on schemes now in progress, for 1113 and succeeding years may, as far as they can be estimated at present, be taken as amounting roughly to about at least Rs 100 lakhs, *vide* details below:—

	Rs. (*lakhs*).
Drinage Works, Trivandrum ...	35½
Water Supply to Municipal Towns (Alleppey, Shencottah and Nagercoil) ...	23½
Pallivasal Hydro-Electric Project for extension to Quilon ...	16
Trunk Telephone ...	2
Council Chamber ...	3
Loans to Cochin Harbour ...	20
Total ...	100 lak

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